



Protecting New Jersey's Consumers through Litigation and Awareness

In 2005, the Attorney General's Office, through its Division of Consumer Affairs and Division of Law, took on big companies that failed to treat New Jersey consumers fairly and honestly when they purchased goods and services. Attorney General Harvey filed suit against video rental giant Blockbuster alleging the company misled customers with its "No More Late Fees" policy, and The Attorney General sued major oil companies over gas price increases in the wake of Hurricane Katrina. In between those highlights, The Attorney General filed suits and reached settlements to protect consumers purchasing everyday items such as mattresses, electronic appliances and dietary supplements.

In December 2005, Attorney General Harvey reached a cooperative settlement with BP Products North America Inc., under which BP agreed, on behalf of its 85 company-owned and commissioned agent service stations in New Jersey, to pay \$315,000 to resolve certain issues regarding gas pricing that arose from the gas station inspections in the wake of Katrina.

These several consumer fraud cases were overseen by AAG Michael Shipp and DAG Lorraine Rak, Consumer Protection Group, Division of Law.

Diet Pills —

The Attorney General's Office reached settlements in 2005 with two major manufacturers of dietary supplements regarding deceptive practices they used to market their diet pills, including ephedra-based products. Attorney General Harvey sued both companies in 2003 for allegedly downplaying the risks and exaggerating

the benefits of their products in their advertising.

- ❖ In a settlement announced in July 2005, Nutraquest Inc., formerly Cytodyne Technologies, the maker of Xenadrine diet products, agreed to pay the State \$940,000 and stop making unsubstantiated claims in its ads.
- ❖ In a settlement announced in August 2005, Goen Technologies, the maker of TrimSpa diet products, agreed to pay the State \$750,000 and revise its marketing practices.

Gas Pricing Suits —

The Attorney General's Office filed four lawsuits in September 2005 against three oil companies, Amerada Hess, Motiva Shell and Sunoco, and a number of independent gas station operators in connection with gas price increases after Hurricane Katrina. In the week after Katrina struck, gas prices in New Jersey soared to an average of \$3.16 a gallon by Labor Day, a dollar higher than the average just one month earlier. In response to complaints from consumers, the Attorney General's Office and Division of Consumer Affairs sent state, county and municipal weights and measures inspectors to more than 500 of New Jersey's 3,260 gas stations to ascertain whether gas retailers were complying with state laws and treating customers fairly. They monitored price changes and demanded access to books and records that retailers are required by law to maintain and make available to state inspectors.

The suits filed by Attorney General Harvey allege specific violations of New Jersey's Motor Fuels Act and Consumer Fraud Act at 31 gas stations, 13 owned by the three oil companies and 18 independently owned. The suits allege that the defendants violated a provision in the Motor Fuels Act that prohibits a gas retailer from changing gas prices more than once in a 24-hour period. In other instances, the suits allege that defendants posted prices on roadside signs that deviated from the actual prices charged at the pumps, a violation of the adver-

Blockbuster settles suit over policy on late fees

N.J. customers to be repaid \$90,000 for restocking charges

BY GREG SAITZ
STAR-LEDGER STAFF

Blockbuster agreed to pay more than \$140,000 to settle a lawsuit filed last year by New Jersey officials accusing the video-rental chain of misleading customers regarding its no-late-fees policy.

The settlement, which the New Jersey attorney general plans to announce today, calls for Blockbuster to repay more than \$90,000 to about 75,000 New Jersey customers who were charged fees between January and April 2005. The company also will pay \$50,000 to the state.

"It means Blockbuster will dis-



'No late fees' ads cause a stir

Spots rated 'effective,' but N.J. sues, saying they're deceptive

By Michael McCarthy
USA TODAY

Under the Federal Trade Commission's "truth-in-advertising" rules, the messages in commercials must be truthful and non-deceptive, they can't be "unfair" to consumers and marketers must have proof to back up their claims.

Advertising

Video store chain Blockbuster is now fending off questions from several state attorneys general about whether its move to remove the video rental industry by ending late fees really ended li-

al past the seven-day grace period are then billed on their credit card for the purchase price, less their late fees. Blockbuster's ads, which claim to comply with state laws designed to protect consumers from faulty and deceptive advertising, are being challenged by the state. Shepherd fires back that the "no late fees" ads have all the proper

Gas Stations Violated Pricing Law, New Jersey Says

By RONALD SMOTHERS

NEWARK, Sept. 26 — Attorney General Peter C. Harvey charged in state court on Monday that 20 gas stations in New Jersey and the oil companies that supplied them violated state fuel pricing and consumer laws by raising their prices more than once in a single day during the recent run-up in gasoline prices.

The civil action makes New Jersey the



defrauding consumers by raising the prices in violation of state law.

But some were also accused of charging credit card users more than the face value on their receipts, and of selling regular gas in place of premium.

Acting Gov. Richard J. Codey, in announcing the lawsuits late Monday afternoon, said: "Consumers are being misled and

tising regulations under the Consumer Fraud Act.

Because of New Jersey's strong response to the gas price hikes, Attorney General Harvey was invited to testify in Washington at a Joint U.S. Senate Committee hearing on November 9, 2005, on "Energy Pricing and Profits." He testified that New Jersey's price gouging law, like similar laws in other states, applies only if an emergency has been declared in the State. He urged passage of a federal price gouging law to apply when a disaster in one region affects the supply and pricing of an essential product nationwide.

On November 22, 2005, Attorney General Harvey announced a cooperative settlement with Amerada Hess in which the company agreed to pay \$372,391, a portion of which will be used to fund consumer protection initiatives by the Division of Consumer Affairs, including efforts to address the home heating needs of seniors and low-income families in New Jersey.

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Blockbuster –

The Attorney General's Office filed suit in February 2005 against Blockbuster, Inc., alleging that the movie and game rental chain violated New Jersey's Consumer Fraud Act and Merchandise Advertising Regulations by failing to disclose key terms of its newly launched "No More Late Fees" policy. The suit alleges Blockbuster failed to disclose in its advertisements (1) that overdue rentals are automatically converted to a sale on the eighth day after the due date; and (2) that if customers return the overdue items within 30 days after the "sale" date, Blockbuster will reverse the sale charge, but charge a "restocking" fee. The complaint also alleges that Blockbuster failed to prominently disclose that some of its stores were not participating in the "No More Late Fees" policy.

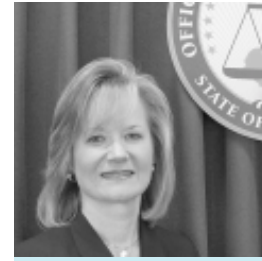


The Blockbuster suit was settled in December 2005 with the Attorney General's Office obtaining \$90,000 in restitution for New Jersey's Consumers.

Other Major Actions and Settlements

In addition, the Attorney General's Office:

- ❖ Reached a \$173,000 settlement in October 2005 with Circuit City Stores Inc., under which the company agreed to stop misleading advertising practices and comply with state consumer protection laws and regulations. This settlement was the third time the AG's Office had sued Circuit City for deceptive pricing;
- ❖ Seized 175 used mattresses and/or boxsprings in October 2005 from two Amazing Prices, Inc. stores in Essex County after customers filed complaints alleging the mattresses they bought from the stores were soiled, smelly and infested with bedbugs;
- ❖ Reached a \$438,000 settlement in July 2005 with Rockaway Bedding Inc., under which the company must reform its advertising and delivery practices;
- ❖ Reached a \$236,530 settlement in June 2005 with GT Brands LLC, GT Merchandising & Licensing LLC and GoodTimes Entertainment LLC, under which the New York-based companies agreed to resolve consumer complaints and comply with state laws in their advertising and sales of well-known television infomercial products such as the Turbo Cooker, The FIRM exercise products, Richard Simmons weight loss and exercise products, and Charlton Heston Bible videotapes and audiotapes;
- ❖ Filed suit in May 2005 against Matrix Management & Marketing Group LLC and Total Remodeling Inc. alleging they repeatedly violated the State's Do Not Call Law and Consumer Fraud Act by failing to register with the New Jersey Division of Consumer Affairs as telemarketers and making unsolicited telemarketing calls to New Jersey residents whose telephone numbers were on the federal Do Not Call registry.



*Kimberly S. Ricketts
Director*

Division of Consumer Affairs

Created by an act of the Legislature, the Division of Consumer Affairs is responsible for administering and enforcing the laws intended to make New Jersey's commercial marketplace a fair and safe place to do business. Through the Division's investigative, prosecutorial and public awareness efforts, as well as through the work of its professional and occupational review boards, the Division carries out its mission of protecting consumers against illegal and/or unscrupulous business practices, prosecuting those who commit fraud, and keeping the public aware with regard to fraud prevention and other significant consumer issues.

The Office of Consumer Protection, the Enforcement Bureau, the Bureau of Securities, the Office of Weights and Measures, the Charitable Registration Unit and the Legalized Games of Chance Control Commission all fall under the purview of the Division of Consumer Affairs. For further information on the Division, its mission, its accomplishments and initiatives, visit the Consumer Affairs Web site below.

- **Director, Kimberly S. Ricketts**
- *Deputy Director, Anthony Miragliotta*
- *Deputy Director, Stephen Nolan, Esq.*

www.NJConsumerAffairs.org

The Division of Consumer Affairs and the NJ Food Council co-sponsored a senior citizen awareness event in Howell Township in November featuring speakers, educational materials and a variety of services. Similar events were held in locations throughout the State, benefiting thousands of seniors.